

8. Gross-up formula is computed as follows:	
a. Divide Year 1, Item 7d by Year 2, Item 7d.	
b. Enter amount of covered taxable reimbursements in Year 1.	
c. Multiply Item 8b by Item 8a.	
d. Subtract Year 1, Item 7d from 1.00.	
e. Subtract Year 2, Item 7d from 1.00.	
f. Divide Item 8d by Item 8e.	
g. Enter WTAs for Year 1.	
h. Multiply Item 8f by Item 8g.	
9. Final RITA is computed as follows: Subtract Item 8h from Item 8c.	
NOTE: THIS AMOUNT IS TO BE REPORTED AS INCOME ON TD FORM W-2 FOR YEAR 2.	
10. Net payment amount is computed as follows:	
a. Calculate Federal withholding on final RITA by multiplying .20 by final RITA (Item 9).	
b. Net payment amount equals final RITA (Item 9) minus Federal withholding (Item 10a).	
NET PAYMENT	
REMARKS:	

RELOCATION INCOME TAX ALLOWANCE (RITA) – YEAR 2 CALCULATION

PAYEE	GRADE	SSN	YEAR WTA PAID	
ORGANIZATION / STATION	DUTY PHONE		TRAVEL ORDER NO.	
	YEAR 1	STATUS	YEAR 2	STATUS
1. Earned Income and Filing Status.				
2. Federal Tax Rate. (Rate from Federal Tax Table for RIT Allowance using information in 1 above.) Show the rate as a decimal.				
3. State Tax Rate. (Rate from State Tax Table for RIT Allowance using information in 1 above.) (See rule in JTR, Vol 2, para C16008.)				
4. State Tax Rate. (Show the rate as a decimal.) However, if State Tax Table shows rate as percent of Federal tax liability, then enter result of multiplying Federal Tax Rate (Item 2) by State Tax Rate (Item 3).				
5. Local Tax Rate. (Rate shown on claimant's voucher.) Show the rate as a decimal. If reporting date is before 12 Oct 1984, and if locality involved is a county, show local tax as zero. See RITA certification for type of locality and rate.				
6. Local Tax Rate. (Show the rate as a decimal.) This may be the same as Local Tax Rate as shown on RITA certification (Item 5). However, if employee reports rate as percent of State or Federal tax liability, then enter result of multiplying State Tax Rate as percent of income (Item 4) by Local Tax Rate (Item 5).				
7. Combined marginal tax rate is computed as follows: - a. Subtract Federal Tax Rate (Item 2) from 1.00.				
b. Multiply Item 7a by State Tax Rate (item 3 or 4).				
c. Multiply Item 7a by Local Tax Rate (Item 5 or 6).				
d. Combined marginal tax rate equals Federal Tax Rate: Item 2 plus Item 7b plus Item 7c.				